



EBB Worksheet #1: What to Consider When Buying a Business

There are many factors to consider when evaluating whether a business is the right purchase for you. Here is a list of what to look for when shopping:

Finances & Legal Issues

- _ Assets. What are the inventory, furniture, fixtures, equipment and building assets?
- _ Business organization. How the business structured and what are the contracts and legal documents?
- _ Tax returns. Five years history.
- _ Sales records and merchandise returns. Historical information.
- _ Accounts Receivable. What is coming in over the next 30, 60 and 90 days?
- _ Account Payable. What is due over the next 30, 60 and 90 days?
- _ Debt disclosure. Are there any outstanding notes, loans or other debts?
- _ Insurance. What type of insurance coverage (errors & omissions, product liability) does the business have? Who is the underwriter? How much are the premiums?
- _ OSHA Requirements. Does the business facility meet the occupational safety and health requirements?

Marketing Program

- _ Marketing Strategy. What are the 4Ps: Product, Placement, Promotion and Pricing?
- _ Advertising commitments. What has been paid for and what has been planned?
- _ Marketplace and Competition. What is the industry like? Who are the players? How are they positioned, what are they offering and how large is their market share?

Employees

- _ Salaries. What are the current salaries of the employees? Are they standard with the industry?
- _ # of Employees. How many are F/T or P/T? Where do they fit into an organizational chart?

Customers

- _ Number of Customer. How many customers does the business have? How many are first time customers? How many has the business lost over the previous year?
- _ Nature of Customers. How many of the customers have a relationship with the current owner? How many years have they been able to retain the same customers?
- _ Customer Behavior. Are the customers loyal or driven by incentives?

Location & Appearance

- _ Location of business. Is the business on a busy street? Is there easy access to the business? Are there any safety issues?
- _ Appearance of business. What does the exterior and interior say about the business?
- _ Reputation. How is the business perceived by customers and suppliers?